



Use of Intervention Stocks under the FEAD

Civil Dialogue Group on Animal Products – Milk

17 October 2017

Legal basis



Legal basis

- Fund for European Aid to the Most Deprived (FEAD):
Regulation (EU) No 223/2014, in particular Article 23(4)
- Single CMO Regulation : **Regulation (EU) No 1308/2013**,
in particular Article 16(2)
- **Commission Implementing Regulation (EU) 2017/1479**
amending Implementing Regulation (EU) 2016/1240 as
regards the disposal of intervention stocks for the scheme for
food distribution to the most deprived

Main Features

- **Subject to availability** of intervention stocks
- Prevailing market conditions (**no risk of market disturbance** in case released on the market – Art. 16(1)(a) of Single CMO)
- Benefits generated to be used for **food purchases**
- Such benefits shall not reduce MS contributions
- In any case use of intervention stocks to be viewed as potential **supplementary resources**

Products eligible for intervention buying-in

- List of products eligible for public intervention (Art. 11 of Reg. 1308/2013):
 - Common wheat, durum wheat, barley and maize grains
 - Paddy rice
 - Beef meat, butter and skimmed milk powder (SMP)
- Intervention buying-in is a safety measure under the Common Agricultural Policy to restore market balance by a temporary reduction of supply
- Once market balance is restored and prices increase, gradual release of intervention stocks on the market through Commission tenders (and eventually MS tenders for FEAD purposes)



Skimmed Milk Powder (SMP)

- Currently the only product in intervention
- In 2016-2017 about 360,000 t of SMP was bought in
- Commission selling tender: Regulation No (EU) 2016/2080, however so far only a symbolic 140 t was sold due to low market prices



How intervention products can benefit the most deprived?

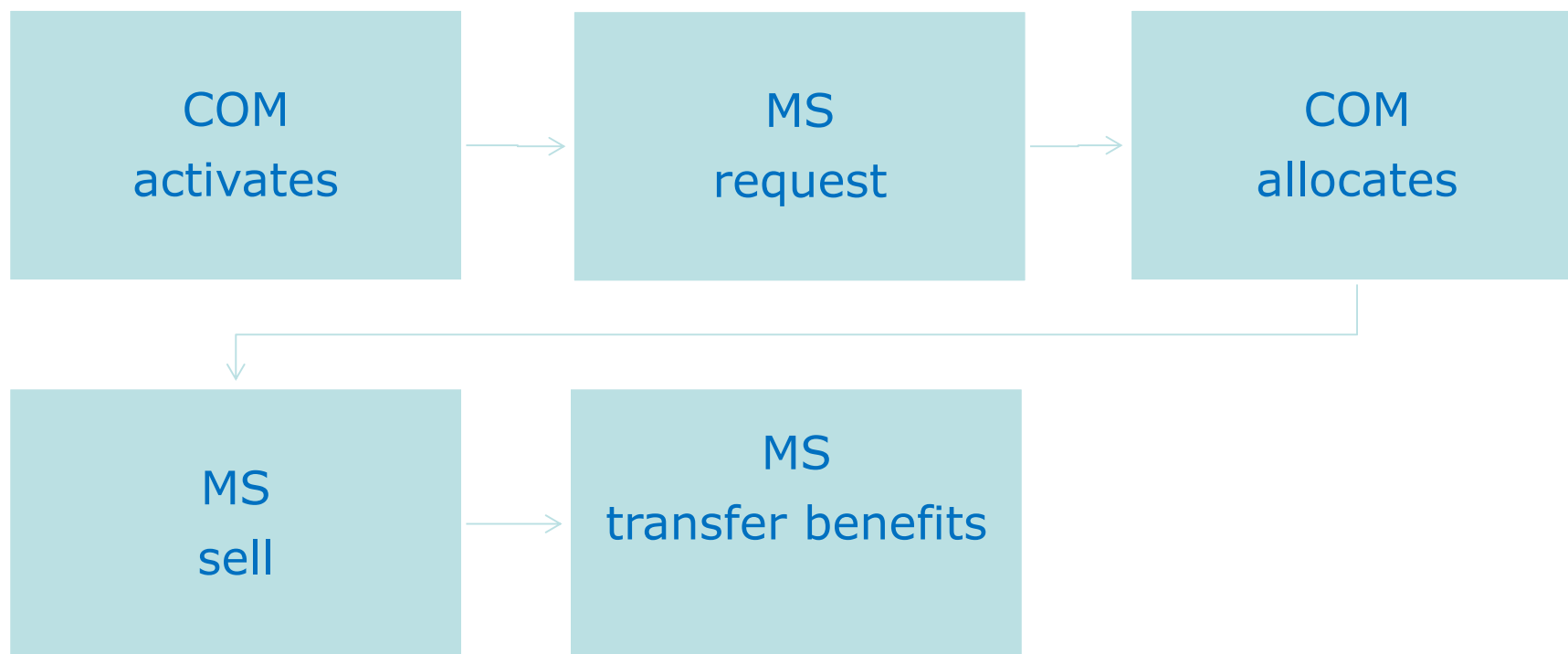
- In theory three possible methods of use:
 - direct consumption
 - processing
 - sale on the market and use of benefits from sale to purchase food
- In practice, for majority of intervention products, only the last method is feasible



How we define the 'benefits' from the use of intervention products?

- FEAD programme obtains intervention products at intervention buying-in price which is normally lower than prevailing market price for the product concerned
- The benefits from the use of intervention products will derive from the positive difference between the selling price (or actual market price) and the intervention buying-in price at which FEAD obtained products
- In practice MS pre-finance the intervention buying-in and will be reimbursed once the stocks are sold

Process





Details of the scheme

1st step: allocation of products

- **COM activates** the scheme by announcing through a Commission Implementing Regulation indicating the exact type of product to be released, the quantity, location and the method of disposal
- **MS apply** for a particular quantity of the intervention product to be released (which is considered by MS as feasible to deal with in a set timeframe – 5 months)
- **COM decides** if MS applications can be fully attributed (overall quantities requested by all MS can exceed the quantities made available to the programme by COM) and indicates location of the products
- MS can refuse the attributed products if an allocated quantity is significantly lower than its initial request



Details of the scheme

2nd step: sale of products by MS

- MS shall organise a **tender procedure** to sell the allocated products (MS have 5 months to find a buyer for the products)
- In case the products are located in another MS the concerned MSs shall co-operate (however, all the costs linked to the selling procedure have to be borne by the MS organising the tender procedure)
- After finalising the tendering procedure the buyer pays for the stocks and remove at his cost from the initial location of the products



Details of the scheme

3rd step: financial settlements

- MS selling the intervention products will have to reimburse the MS holding the intervention stocks at the level of 'intervention buying-in price'
- The difference between the actual price at which the products were sold at tenders and the 'intervention buying-in price' have to be transferred to the FEAD authority of the MS running the selling tender



Conclusions

- Regulation (EU) 2016/1240 now includes the detailed provisions for using intervention stocks for FEAD purposes
- Specific rules were laid down for the use by selling
- Quantity and timing of release for FEAD depends on market conditions and will be done by a COM Implementing Regulation
- Use of intervention stocks is an *ad hoc*, supplementary and unpredictable additional potential resource for the FEAD
- Currently only SMP in intervention



Thank you for your attention!